

REFERENCE TITLE: **property tax levy limits**

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HCR 2028

Introduced by
Representatives Smith: Rosati

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX,
SECTION 18, CONSTITUTION OF ARIZONA; RELATING TO AD VALOREM TAX LIMITATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona, the
2 Senate concurring:

3 1. Article IX, section 18, Constitution of Arizona, is proposed to be
4 amended as follows, if approved by the voters and on proclamation of the
5 Governor:

6 18. Residential ad valorem tax limits: limit on
7 increase in values; definitions

8 Section 18. (1) The maximum amount of ad valorem taxes
9 that may be collected from ~~residential~~ property in any tax year
10 shall not exceed THE LESSER OF:

11 (a) One per cent of the property's full cash value as
12 limited by this section.

13 (b) THE AMOUNT OF AD VALOREM TAXES THAT WERE LEVIED
14 AGAINST THE PROPERTY IN THE PRECEDING TAX YEAR, ADJUSTED BY THE
15 PERCENTAGE CHANGE FROM THE PRECEDING YEAR IN THE GDP PRICE
16 DEFLATOR, OR ITS SUCCESSOR INDEX, AS REPORTED BY THE RESPONSIBLE
17 AGENCY OF THE UNITED STATES GOVERNMENT.

18 (2) The limitation provided in subsection (1) does not
19 apply to:

20 (a) Ad valorem taxes or special assessments levied to pay
21 the principal of and interest and redemption charges on bonded
22 indebtedness or other lawful long-term obligations issued or
23 incurred for a specific purpose.

24 (b) Ad valorem taxes or assessments levied by or for
25 property improvement assessment districts, improvement districts
26 and other special purpose districts other than counties, cities,
27 towns, school districts and community college districts.

28 (c) Ad valorem taxes levied pursuant to an election to
29 exceed a budget, expenditure or tax limitation.

30 (3) Except as otherwise provided by subsections (5), (6)
31 and (7) ~~of this section~~ the value of real property and
32 improvements and the value of mobile homes used for all ad
33 valorem taxes except those specified in subsection (2) shall be
34 the lesser of the full cash value of the property or an amount
35 ten per cent greater than the value of property determined
36 pursuant to this subsection for the prior year or an amount
37 equal to the value of property determined pursuant to this
38 subsection for the prior year plus one-fourth of the difference
39 between such value and the full cash value of the property for
40 current tax year, whichever is greater.

41 (4) The legislature shall by law provide a method of
42 determining the value, subject to the provisions of subsection
43 (3), of new property.

44 (5) The limitation on increases in the value of property
45 prescribed in subsection (3) does not apply to equalization

1 orders that the legislature specifically exempts by law from
2 such limitation.

3 (6) Subsection (3) does not apply to:

4 (a) Property used in the business of patented or
5 unpatented producing mines and the mills and the smelters
6 operated in connection with the mines.

7 (b) Producing oil, gas and geothermal interests.

8 (c) Real property, improvements thereto and personal
9 property used thereon used in the operation of telephone,
10 telegraph, gas, water and electric utility companies.

11 (d) Aircraft that is regularly scheduled and operated by
12 an airline company for the primary purpose of carrying persons
13 or property for hire in interstate, intrastate or international
14 transportation.

15 (e) Standing timber.

16 (f) Property used in the operation of pipelines.

17 (g) Personal property regardless of use except mobile
18 homes.

19 (7) A resident of this state who is sixty-five years of
20 age or older may apply to the county assessor for a property
21 valuation protection option on the person's primary residence,
22 including not more than ten acres of undeveloped appurtenant
23 land. To be eligible for the property valuation protection
24 option, the resident shall make application and furnish
25 documentation required by the assessor on or before September 1.
26 If the resident fails to file the application on or before
27 September 1, the assessor shall process the application for the
28 subsequent year. If the resident files an application with the
29 assessor on or before September 1, the assessor shall notify the
30 resident whether the application is accepted or denied on or
31 before December 1. The resident may apply for a property
32 valuation protection option after residing in the primary
33 residence for two years. If one person owns the property, the
34 person's total income from all sources including nontaxable
35 income shall not exceed four hundred per cent of the
36 supplemental security income benefit rate established by section
37 1611(b)(1) of the social security act. If the property is owned
38 by two or more persons, including a husband and wife, at least
39 one of the owners must be sixty-five years of age or older and
40 the owners' combined total income from all sources including
41 nontaxable income shall not exceed five hundred per cent of the
42 supplemental security income benefit rate established by section
43 1611(b)(1) of the social security act. The assessor shall
44 review the owner's income qualifications on a triennial basis
45 and shall use the owner's average total income during the

1 previous three years for the review. If the county assessor
2 approves a property valuation protection option, the value of
3 the primary residence shall remain fixed at the full cash value
4 in effect during the year the property valuation protection
5 option is filed and as long as the owner remains eligible. To
6 remain eligible, the county assessor shall require a qualifying
7 resident to reapply for the property valuation protection option
8 every three years and shall send a notice of reapplication to
9 qualifying residents six months before the three year
10 reapplication requirement. If title to the property is conveyed
11 to any person who does not qualify for the property valuation
12 protection option, the property valuation protection option
13 terminates, and the property shall revert to its current full
14 cash value.

15 (8) The legislature shall provide by law a system of
16 property taxation consistent with the provisions of this
17 section.

18 (9) For THE purposes of this section:

19 (a) "Owner" means the owner of record of the property and
20 includes a person who owns the majority beneficial interest of a
21 living trust.

22 (b) "Primary residence" means all owner occupied real
23 property and improvements to that real property in this state
24 that is a single family home, condominium, townhouse or an owner
25 occupied mobile home and that is used for residential purposes.

26 2. The Secretary of State shall submit this proposition to the voters
27 at the next general election as provided by article XXI, Constitution of
28 Arizona.